



## Why Canadian Imperial Bank of Commerce and Royal Bank of Canada Belong in Your Portfolio

### Description

**Canadian Imperial Bank of Commerce** ([TSX: CM](#))([NYSE: CM](#)) and **Royal Bank of Canada** ([TSX: RY](#))([NYSE: RY](#)) are strong financial stocks worthy of any income portfolio.

Consider these two banks for a plethora of reasons mentioned below.

#### 1. CIBC

CIBC provides a complete family of financial products and services in Canada and worldwide. The bank serves 11 million clients and has a current market capitalization of \$41.8 billion.

#### Strength and diversity of products and services

CIBC's three principal business units are Retail and Business Banking, Wealth Management, and Wholesale Banking. Its Retail and Business Banking segment has over 1,100 branches and ABMs, a mobile sales force, telephone banking, online and mobile banking. Wealth Management provides relationship-based advisory services and a broad set of investment solutions.

Wholesale Banking provides a wide array of credit, capital markets, investment banking and research products and services.

And in Q2 2014, Wealth Management attained its 21st consecutive quarter of positive net retail sales of long-term mutual funds.

#### Industry recognition

Recently, CIBC was recognized as having the best mobile banking services among the big five Canadian banks by Forrester Research. Furthermore, it won numerous awards for project finance from Project Finance Magazine and Project Finance International Magazine.

## Dividends

In Q2, CIBC announced a quarterly dividend increase of \$0.02 per common share to \$1.00 per share. The bank's current dividend yield is 3.82% and its five-year average dividend yield is 4.70%. The bank's dividend payout ratio is 55.00% and its five-year average dividend payout ratio is 51.00%.

CIBC is trading very close to its 52-week high. According to **Thomson Reuters**, the analyst consensus price target for the stock is \$104.81. Canadian Imperial Bank of Commerce will report its Q3 2014 earnings on Thursday, August 28.

## 2. Royal Bank of Canada

Royal Bank of Canada serves more than 16 million clients in 46 different countries. The bank's current market capitalization is \$117.2 billion.

### Leading market positions

Royal bank has the No.1 or No. 2 market share in all product categories in Canadian banking. It owns one of the largest bank-owned insurance companies in Canada and the largest Canadian mutual fund provider. In addition, RBC is the sixth largest global wealth manager. RBC provides personal and commercial banking, wealth management services, insurance, investor services and capital markets.

### Strong Capital Markets division

Royal Bank's Capital Markets division had a very strong Q3 2014. Its performance helped the bank attain a record Q3 net income of \$2.38 billion. This represents an increase of \$93 million (4%) from 2013 and an increase of \$177 million (8%) from Q2 2014.

The Capital Markets division had a 66% increase in profits. This division had higher trading fees and greater business from advising on takeovers and arranging stock sales.

## Dividends

Last Friday, Royal Bank announced an increase to its quarterly common share dividend of \$0.04 per share, or 6%, to \$0.75 cents per share. The bank's current dividend yield is 3.71% and its five-year average dividend yield is 3.90%. The bank's dividend payout ratio is 52.00% and its five-year average dividend payout ratio is 51.00%.

Steady performance along with consistent dividends and dividend increases are some of the perks of investing in Canada's top banks. Upon performing the required due diligence, consider these two industry stalwarts as possible additions to your portfolio.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)

2. NYSE:RY (Royal Bank of Canada)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:RY (Royal Bank of Canada)

### Category

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